

53.005  
10SRS  
006

# MONTANA

## SHERIFFS' RETIREMENT SYSTEM HANDBOOK



MONTANA STATE LIBRARY  
1515 E. 8TH AVE.  
HELENA, MONTANA 59620

January 2006  
PUBLIC EMPLOYEES' RETIREMENT BOARD

Montana State Library



3 0864 1004 0532 6

# State of Montana

Brian Schweitzer, Governor

## Public Employees' Retirement Board

Name	Statutory Designation (§ 2-15-1009, MCA)	Location	Term Expires
Carole Carey President	Active Public Employee	Ekalaka	3/31/07
Betty Lou Kasten Vice President	At Large	Brockway	3/31/06
Robert Griffith	At Large	Helena	3/31/08
Troy W. McGee	PERS Retired Member	Helena	3/31/08
Jay Klawon	Investment Experience	Hamilton	3/31/09
Terrence Smith	Active DC Plan Member	Bozeman	3/31/09
John Paull	Active Public Employee	Butte	3/31/10

### Executive Officers

Roxanne Minnehan .....	Interim Executive Director
Kelly Jenkins .....	Legal Counsel
Melanie Symons.....	Legal Counsel
Kim Flatow .....	Member Services Bureau Chief
Roxanne Minnehan .....	Fiscal Services Bureau Chief
Kathy Samson .....	DC Plans and Education Services Bureau Chief
Carolyn Miller .....	Administrative Officer



**Mission Statement:** *The Montana Public Employee Retirement Administration (MPERA) will efficiently provide quality benefits, education and service to help our plan members and beneficiaries achieve a quality retirement.*

## Contacting the MPERA

If you have any questions about the SRS, call or e-mail us or visit our website.

### Helena Office

<i>Telephone</i>	<i>Mailing Address</i>	<i>Office Address</i>
(877) 275-7372	P.O. Box 200131	100 North Park Ave.
(406) 444-3154	Helena, MT 59620-0131	Suite 200 Helena, MT 59620

### E-Mail

In most cases, if you know the name of the person you are e-mailing, use their first initial and their last name plus @mt.gov. For example, Interim Executive Director Roxanne Minnehan's address is **rminnehan@mt.gov**.

If you don't know who to contact, e-mail our "front desk" and we'll forward your question to the right person: **mpera@mt.gov**.

### Web Site

For updated information and to view MPERA newsletters and other publications visit us on the web at **<http://mpera.mt.gov/>**.

*Permission is granted to reproduce, copy or duplicate the information in this book, provided credit is given to the MPERA.*

# TABLE OF CONTENTS

Preface .....	5
Introduction .....	6

## SECTION I: Membership

1. Membership Enrollment .....	8
- Membership Cards	
- Optional Membership	
- Working Retiree Membership	
- Exclusion from Membership	
2. Contributions .....	11
- Member Contributions	
- Employer Contributions	
- Refund of Contributions	
3. Service .....	14
- Membership Service	
- Vesting	
- Service Credit	
- Part-time Service	
- Annual Statement	
- Purchase of Service	

## Section II: Benefits

1. Qualifying for Benefits .....	21
- Vested Members	
- Active Members	
- Inactive Vested Members	
- Non-Vested Members	
- City-County Consolidation	
- Working Retiree	
- General	
2. Retirement Benefits .....	24
- Service Retirement	
- Early Retirement	

## Table of Contents (Continued)

3. Disability Retirement .....	26
- Disability Benefit	
- Disability Reviews	
- Disability Benefit Cancellation	

### Section III: Payment Options

1. Option 1 .....	28
2. Option 2 .....	29
3. Option 3 .....	29
4. Option 4 .....	30
5. Changes to Options .....	31
6. Sample Calculations .....	32

### Section IV: Additional Information

1. Death Benefits .....	36
- Beneficiaries	
- Death Benefit Claim - Active or Inactive Member	
- Account Balance - Retired Member	
- Account Balance - Inactive Member	
- Death Prior to Retirement	
2. Benefit Increases .....	39
- GABA	
- Eligibility for GABA Benefits	
- Effective Date of GABA Benefits	
3. Taxes on Benefits .....	41
- Tax Statements	
- Taxes on Refunds	
4. Assignment of Benefits .....	43
- Family Law Order	
5. For More Information .....	44
Glossary of Terms .....	45

## Preface

This *Sheriffs' Retirement System Member Handbook* is a general summary of the benefits provided by the Montana Sheriffs' Retirement System (SRS). It is intended to give you an idea of what your benefits are and to acquaint you with the SRS. Every effort has been made to ensure the contents agree with the law and rules. The law and its interpretation can change, so this handbook may be out-of-date soon after it is published. This handbook is not a final source of the law and rules. IT SHOULD NOT BE TAKEN AS FINAL LEGAL AUTHORITY. Information in this handbook is based on 2005 law. Benefits are based on the law in effect at the time of your termination from employment; therefore, some information found here may not apply in specific cases. If this handbook differs with law or rules as the Board interprets them, the law or rules will apply. This handbook replaces all previous SRS member handbooks.

## Montana Code

The law governing the SRS may be found in Title 19, Chapters 2 and 7, Montana Code Annotated (MCA). MCA is available on line at: [http://data.opi.state.mt.us/bills/mca\\_toc/index.htm](http://data.opi.state.mt.us/bills/mca_toc/index.htm). References to the pertinent sections of MCA and Administrative Rules of Montana (ARM) are provided in parenthesis throughout this publication.

## Overview

- You are eligible to retire and receive a service retirement benefit if you have completed 20 years of membership service at any age.
- The SRS provides disability retirement benefits and survivor benefits, if eligible.
- You and your employer both contribute toward your future retirement benefits.
- You may withdraw only your contributions plus interest if you leave SRS-covered employment before retirement.
- If you withdraw your contributions before retirement, you lose your right to any future retirement benefit.

# Introduction

## *Retirement Security for our Members Since 1974*

The Sheriffs' Retirement System (SRS) is a public pension plan for all Montana sheriffs hired after July 1, 1974, Department of Justice investigators hired after July 1, 1993 and detention officers hired after July 1, 2005. In 1974, the Legislature created the SRS to grant a retirement, disability, or death benefit to plan members and their beneficiaries. As of June 30, 2004, membership of the SRS consisted of the following:

### **SRS Membership**

Number of participating employers.....	56
Active plan members .....	662
Inactive plan members entitled to but not yet receiving benefits or a refund:	
Vested .....	41
Non-vested.....	73
Retirees and beneficiaries receiving benefits:	
Service Retirements.....	275
Disability Retirements .....	34
Survivor Benefits .....	14

The Public Employees' Retirement Board (Board) is an independent, seven-member board, appointed by the Governor to administer the SRS, seven other retirement systems, and the State's Deferred Compensation Plan. The Montana Public Employee Retirement Administration (MPERA) does the day-to-day work. This handbook uses the terms "we," "us," the MPERA and the Board interchangeably.

SRS is a defined benefit retirement plan which guarantees a specified retirement benefit based on your years of service credit and your Highest Average Compensation (HAC), rather than the



amount of money you contribute and the interest which accrues to your account. When eligible, your monthly benefit will be increased each year by a Guaranteed Annual Benefit Adjustment. Your monthly benefit will be paid to you for your lifetime.

Money that you pay into the SRS earns interest and helps pay for your benefits. At the MPERA, we keep track of your money in your own account and credit your account with interest. We combine the funds from all accounts in a trust fund, which the Board of Investments invests. Income earned from investing the trust fund goes back into the trust fund. Only the Board may authorize payment from the trust fund. Current law limits payments to benefits and refunds for members or their survivors. In addition, the Board must pay administrative expenses from the investment earnings. (§ 19-2-408 and 19-2-505, MCA)

Every two years, an actuary must evaluate the trust fund's capability to pay the benefits promised members. Benefits are set by law and are protected by the Montana Constitution. (§ 19-2-405, MCA; ART VIII, § 15)

## **SRS Plan Election**

All detention officers who are members of the PERS on J u l y 1 , 2005, may remain in the PERS or elect to become a member of the SRS by filing a written election with the Board before May 1, 2006. The choice cannot be changed. All detention officers hired after July 1, 2005 will become members of the SRS.

## SECTION I: MEMBERSHIP

Membership is mandatory for an elected or appointed county sheriff or undersheriff; an appointed, lawfully trained, appropriately salaried, and regularly acting deputy sheriff; a criminal or gambling investigator of the Department of Justice; and a full or part time detention officer hired after July 1, 2005. (§ 19-7-301, MCA)

### 1. Membership Enrollment

Membership enrollment is required for all SRS-covered jobs. Information for enrollment, working retiree membership and exclusion from membership follows.

#### Membership Cards

New employees must complete a membership card upon starting work in a job covered by the SRS. Your payroll clerk should provide you with this card on your first day of work. Complete the card and return it to the payroll clerk who will send it to us. Membership may not be discontinued until employment as a sheriff, investigator or detention officer is terminated. (§§ 19-2-602 and 19-7-301, MCA and ARM 2.43.402)

The MPERA will not pay a benefit or refund unless you have a membership card on file with us. A membership card is a vital record; you must keep it up-to-date. **Update the card whenever any of the information on the card changes.**

To update your information, complete a new card and give it to your payroll clerk. The payroll clerk must send it to us in order for the changes to take effect. Marriage, divorce, birth of a child, any name changes, and death of a beneficiary are reasons to update your card. We print data from your membership card on your annual statement which is mailed to you each July. Check the statement carefully. If any of the member or named beneficiary

data is wrong, submit a new card to your payroll clerk. (§ 19-2-801, MCA and ARM 2.43.402)

## **Optional Membership**

A sheriff who was a member of the Public Employees' Retirement System (PERS) on July 1, 1974 or an investigator who was a member of the PERS on July 1, 1993, has the option to remain with the PERS or may join the SRS at any time before retirement.

A detention officer who was a member of the PERS on July 1, 2005 may remain in the PERS or elect to become a member of the SRS by filing a written election with the PERB before May 1, 2006.

A member of the PERS who begins employment in a SRS-covered position as a gambling or criminal investigator on or after March 21, 2001 may remain in the PERS or may elect to become a member of the SRS. This election must be made within 30 days after beginning employment in the SRS-eligible position. (§ 19-7-301, MCA)

A member of the Municipal Police Officers' Retirement System (MPORS) who begins employment in a SRS-covered position following a city-county consolidation or after March 21, 2001, may remain in the MPORS or may become a member of the SRS. This election must be made within 30 days after beginning employment in the SRS-eligible position. (§ 19-7-801, MCA)

## **Working Retiree Membership**

A retired member may work for a limited time in a SRS-covered job without becoming an active member. Current law imposes various limits on working retirees. If the applicable limit is exceeded, the retiree's benefit may be reduced. Each employer must report all working retirees to the MPERA monthly. The report must account for each retiree's total paid hours and total wages.

Retirees must also report the same information; their signature on the employer's report will serve as the retiree's report. See page 23 for more details about working retirees. (§ 19-7-1101, MCA)

**NOTE:** A retiree must have been terminated for at least 30 days and must have received one benefit check before accepting a SRS-covered job.

Working retirees may elect to end retirement and become active members. To become active members, they need to complete a membership card and have their payroll clerk send the card to us. Upon notification, we will stop paying a benefit to a retired member who becomes an active member. When these members are ready to retire for the second time, they must notify the MPERA. We will calculate a new benefit using the additional service.

## **Exclusion from Membership**

Only those professional law enforcement officers listed on page 8 may become members of the SRS. Other sheriff's department staff members are not eligible for membership in SRS. Dispatchers, communications officers, clerks, janitors, inmates, and special deputy sheriffs **are not eligible** to become members of the SRS.

## 2. Contributions

You and your employer pay contributions to the SRS. The following explains contributions to the SRS and what is expected of you and your employer.

### Member Contributions

All members must pay part of their gross compensation to the SRS. The current contribution rate is 9.245%. Your employer will withhold this money from your gross pay and send it to us. We will credit your contributions to your individual account.

(§ 19-7-403, MCA)

**Interest:** Your SRS account earns interest and we add it to your account each month. **Generally, the interest credited to your account will not affect the amount of your monthly retirement benefit.** The monthly service retirement benefit is set by a statutory formula (see page 24). If you end your SRS-covered employment and leave your money on account, it will continue to collect interest. If you take a lump sum refund instead of a monthly benefit, you will receive your contributions plus accrued interest.

**Tax-Deferred:** Since July 1985, the money you contribute to the SRS is contributed pre-tax. The interest your account earns has always been tax-deferred. This means you don't pay state and federal taxes until you receive the money as a benefit or refund. Any money you paid to the SRS before July 1985 was taxed. In other words, you paid the taxes before you paid the money to the SRS. If you have taxed money in your account and elect to take a lump sum refund or retire, then part of your refund or monthly benefit will be tax exempt.

**Purchase of Service:** To purchase refunded or other types of optional service, you may contribute amounts beyond your regular contributions. These additional payments are pre-tax if you authorize payment by a payroll deduction contract. If these contributions are not made through payroll deduction, they are taxed. (§ 19-2-704, MCA)

You will receive interest on service purchase payments at the same rate you receive interest on your regular contributions. All interest paid to a member's account is tax-deferred.

## **Employer Contributions**

Your employer also contributes to the SRS pension trust fund. Each month the employer contributes 9.535% of their total SRS-covered payroll. Employer contributions provide "pooled" funds for retirement, disability and death benefits. Employer contributions are not refunded to members. (§§ 19-7-404 and 19-2-602, MCA)

## **Refund of Contributions**

Vested members who end SRS-covered employment may leave their money on account; it will continue to earn interest. Or, they may receive a refund of the

---

**When you receive a refund, you are no longer a member of the SRS. You will have no right to any form of SRS benefit.**

---

accumulated contributions (member contributions plus interest) in their account.

To request a refund, you must complete an application, which your employer will supply. The application has two parts, one for the member and one for the employer. You must complete the member section, then give it to your employer. Your employer will complete the application and send it to us.

If you have been inactive for more than three months, you should contact us directly to apply for a refund. (§ 19-2-602, MCA and ARM 2.43.603)

**Processing a Refund:** We cannot process your refund before your employer sends us the application and the final payroll information. This process may take up to four weeks from the date you receive your last paycheck. Extending your last day of work into a new pay period or month may increase the processing time.

If, after receiving a refund, you accept a mandatory SRS-covered job, you will again become a member. We will consider you a new member without credit for the refunded service. You may redeposit the refund plus interest to reinstate that service for credit. For more details see Purchase of Service, on page 17. (§ 19-2-603, MCA)

**If you are not a vested member** (less than five years of membership service) at the time you terminate service, and you have less than \$5,000 in accumulated contributions (your contributions plus interest), you must receive a lump sum refund. You may also make a written request to have your eligible contributions rolled over to a qualified retirement plan or other eligible account. Inactive non-vested members who have more than \$5,000 in accumulated contributions may leave their money on account and it will continue to earn interest. However, they are eligible only for a refund of their accumulated contributions and will have no right to any form of SRS monthly benefit. (§ 19-2-602, MCA and ARM 2.43.603)

**NOTE:** If you receive your refund directly, the IRS requires us to withhold 20% for tax purposes. The IRS may also charge you an additional 10% penalty for early withdrawal. For more information, see Taxes on Refunds, on page 41.

### **3. Service**

The amount of time you work and contribute to the SRS affects the amount of your retirement benefit. The monthly benefit you receive will depend on the number of years you work in a SRS-covered job, whether you work full- or part-time, your compensation and your purchase of additional service.

#### **Membership Service**

We use membership service to determine if you are eligible for vesting, retirement or other SRS benefits. You earn one month membership service for any month you contribute to the SRS, regardless of the number of hours you work that month. You earn membership service for all periods of service, whatever the hours you work or the pay you receive.

If eligible, active and inactive vested members may purchase some types of service that will count as membership service. (See Purchase of Service, on page 17.) Retirees may not earn membership service, nor may they buy service. Your total membership service may not match service for other employee benefits, such as the rate at which you earn annual leave. Service for different benefits may vary because the laws and rules that apply are different. (§§ 19-2-303, 19-2-702 and 19-7-301, MCA)

#### **Vesting**

When you have five years of membership service, you have a “vested” right to a retirement benefit if you meet the other eligibility requirements. (See page 24, Service Retirement.) Even if your SRS-covered employment ends, before you are eligible for a retirement benefit, you will be eligible for a reduced retirement benefit at age 50. If you withdraw your accumulated contributions, you give up your right to retirement benefits.



**Example:** A SRS member is vested after earning five years of membership service (60 membership-service months). If you were to leave SRS-covered employment at age 37 with nine years of membership service, and if you do not withdraw your contributions, you may receive a monthly benefit when you are eligible for retirement (age 50).

**Service Credit**

Your service credit affects the amount of your retirement benefit. You earn one month service credit for each month of full-time service. Full-time service means your employer paid you for at least 160 hours of work during that month. You may not get credit for more than one month even if you work more than 160 hours during a month. If you work less than 160 hours during any month, you will receive proportional service credit. For example, if you worked 80 hours during a given month, you would earn 0.5 months of service credit. However, for that same month you will earn one month of membership service. (§ 19-2-701, MCA and ARM 2.43.406-409)

Your service credit years at retirement will be calculated by dividing service credit months by 12.

**Example:** Suppose you were hired April 1, 1985 and you worked full-time until June 30, 2005, when you retired. Your months of service credit would be calculated as follows:

Period	Months
April 1985 - December 1985	9.0
January 1986 - December 2004	228.0
January 2005 - June 2005	6.0
TOTAL	243.0

243 months divided by 12 months = 20.25 years of service credit. The service used to calculate your service retirement benefit would be 20.25.

## Part-time Service

Upon retirement, the MPERA will adjust either your service credit or Highest Average Compensation (HAC) if you work part-time. We will adjust one or the other to prevent a double reduction of your benefit. If your HAC includes only full-time service, then we will not adjust your part-time service credits to calculate your benefit. You will not see the adjustment to your service credit until retirement.

## Annual Statement

Each July the MPERA will send you a statement with information concerning your retirement account. Carefully review the statement to verify that all the information is correct. If you have corrections or changes to any of the personal information, or questions concerning account information as it appears in your statement, please submit them to the MPERA **in writing**, along with a copy of your statement.

If you have part-time employment, the total service reported in your statement may seem wrong. The statement reflects the service reported by your employer. When your employer reports you worked less than 160 hours, the system gives you less than one month of service credit. As noted above, we will make adjustments for part-time service when you retire. We adjust your service credit to prevent a double reduction of your benefit for part-time service. However, if you work full-time somewhere else, then your HAC may be based on that full-time service. When your HAC is based on full-time service, we don't adjust your part-time service.

**NOTE:** We will correct mistakes in your account or service when we identify them. Mistakes will not bind the MPERA to pay a benefit for which you are not eligible. If you think the service credit on your statement is wrong, **please inform us in writing** and provide specific information, including your current mailing address.

## **Purchase of Service**

Eligible members may purchase various types of membership service and service credit. Contact us for complete details about your eligibility. **A written request is required to initiate the cost statement.** More detailed information on requesting the cost statement and paying for the purchase, as well as the types of service which may be purchased, is summarized below and on the following pages.

**Request a Cost Statement:** To purchase service, you must request a cost statement. You must first write to us and provide the following information: **your full name (including any former names), a current mailing address, Social Security Number, and the type of service you wish to buy.** You should also send us any documents that relate to the service, including the approximate dates of service. Your former employer can usually provide you copies of relevant documents. We will review the request and send you a cost statement for buying any service for which you are eligible. (ARM 2.43.428)

You must pay the lump-sum cost or start monthly payments within 30 days. After 30 days, the cost statement is not valid and you must contact us for an updated cost statement. Only the MPERA can give you a cost statement. A cost statement from any other source may not be used.

**Payment for Purchase:** You may pay for a service purchase in one lump-sum, or you may make monthly payments. Active members can make monthly payments by pre-tax payroll deduction. You may also purchase service through a rollover of

funds from an eligible retirement plan account belonging to you or, for certain purchases, a direct trustee-to-trustee transfer of funds from your 403(b) or 457(b) deferred compensation plan. Inactive vested members, active members not paid monthly, or active members who wish to self-pay, may send payments directly to the MPERA. (These payments are not made pre-tax.) If you fail to make a regular monthly payment, you give up the right to make any more payments. Your service purchase will be prorated.

We will track your monthly payments in an additional contribution account until you complete the service purchase contract. Then we will transfer the money to your regular account and credit your account with the service. (§ 19-2-704, MCA)

Vested members may purchase most types of service at any time before retirement. Be aware, any delay may increase the cost because of added interest or higher salaries. You may not buy any service that will qualify you for a retirement from another public retirement system. To buy this service, you must first receive a refund of the service from the other public system. Members must complete all service purchases before they retire, or the service purchase will be prorated.

## Types of Service Which May Be Purchased:

**1. Refunded:** Refunded service means you terminated your SRS-covered job, and the MPERA paid you the accumulated contributions (your contributions plus interest) in your SRS account. To purchase refunded service, you must repay the contributions and interest you received as a refund. You must also pay the interest the refund would have earned if you had left it on deposit. Refunded service is both membership service and service credit. (§ 19-2-603, MCA; ARM 2.43.420 and 2.43.422 )

**2. Montana Public Service:** Members may also purchase service refunded, or for which they are eligible to receive a refund, from other Montana statewide retirement systems. All service referenced in this paragraph is both membership service and service credit. (§ 19-2-715, MCA; ARM 2.43.420 and 2.43.422)

**3. Other Montana Public Service:** A member may purchase service credit for other full-time public service performed for the state or a political subdivision, if the service is not credited in any other retirement system. Other Montana Public Service is both membership service and service credit. (§ 19-2-715, MCA)

**4. Military:** You may buy up to 5 years of active military service, if you have at least 5 years of membership service. Military service is purchased at the actuarial cost. Military Service is both membership service and service credit. If you will receive a retirement from the military, you may not buy that military service. (§ 19-7-803, MCA; ARM 2.43.437)

**5. Reserve Military Service:** You may buy up to 5 years of reserve military service in the armed forces, including service in the army national guard and the air national guard, if you have at least 5 years of membership service. Reserve military service is purchased at an actuarial cost. Your reserve military service cannot be purchased if you have received service credit under USSERA for the same time period. You may purchase your reserve military time

prior to separation from service in the reserves. Reserve military service is both membership service and service credit. (§ 19-7-803, MCA; ARM 2.43.437)

**6. Additional Service (“1-for-5”) Purchase:** For each 5-year period of membership service, you may buy 1 year of additional service credit. You may buy no more than 5 years of additional service. Members eligible to buy 1 year may buy less than a full year. Additional service qualifies as both membership service and service credit. We will include all service credit when calculating the amount of your retirement benefit. (§ 19-7-804, MCA; ARM 2:43:432)

**Limitations:** Current law limits your purchase of active military, reserve military, and additional service to a combined total of 5 years. For example, suppose you had 20 years of state service and 3 years of military service. Without any limit, you would be eligible to buy 7 years: 4 years of additional (1-for-5) service and 3 years of military service. However, current law limits you to only 5 years, but it can be any combination of the above service. (§ 19-7-805, MCA)

## Section II: Benefits

To receive retirement benefits under the SRS, you must fulfill certain age and service requirements. Retirement benefits are payable directly to you. The benefit option you choose at retirement may also provide for a continued survivor benefit. This section explains how to qualify for retirement, the payment options available, how to calculate your benefits, and sample calculations for benefit options.

### 1. Qualifying for Benefits

#### Vested Members

When you complete five years of **membership service** (explained on page 14), you become a vested member. Once vested, the SRS guarantees you a retirement benefit after you reach the minimum age and/or service requirement.

#### Active Members

You are an active member if you are in a SRS-covered job and are making the required contributions to the system. If vested, you may terminate your SRS-covered employment and leave your contributions in the SRS. You can apply for monthly retirement benefits when you are at least age 50.

---

**Remember . . .**  
**Once you withdraw the money from your account, your membership ends. You lose your right to any benefit from the SRS.**

---

You could also take a refund of your account, rather than a retirement benefit. When you withdraw your account, you give up all vested rights. In other words, once you cash your refund check, you will not be eligible for a monthly retirement benefit. (§ 19-7-502, MCA and ARM 2.43.603)

## **Inactive Vested Members**

You are an inactive, vested member when you terminate SRS-covered employment, have five or more years of membership service and do not withdraw your SRS account. As an inactive, vested member, you may buy any service for which you are eligible. You may apply for a retirement benefit when you meet the minimum age and/or service requirement. (§ 19-7-301, MCA)

## **Non-Vested Members**

If you terminate employment before you become a vested member, you may not continue to purchase service. You will not be eligible for a retirement benefit later. However, you are eligible for a refund of your accumulated contributions (your contributions plus interest). The SRS will pay you interest until you receive the refund. (See page 12 for information on refunds. (§ 19-7-301, MCA)

## **City-County Consolidation**

A law enforcement officer or detention officer (member of SRS or Municipal Police Officers' Retirement System (MPORS)) who transfers, either to or from a county sheriff's office or a city police force because of city-county consolidation, is eligible for benefits if the officer's combined service in SRS and the MPORS satisfies the requirements of the system to which the officer last made contributions.

Eligibility for benefits and a refund of contributions is governed by the provisions of the retirement system to which the officer last made contributions. The service retirement benefit will be a combined benefit from both systems. Each part of the combined benefit will be calculated separately, based on the member's service credit in each system and in compliance with the requirements of each system. The final salary or highest average compensation for each calculation must be based on the highest compensation earned. Beneficiaries, contingent annuitants, and survivors will also receive a



combined benefit with each part based on the requirements of the respective system. (§ 19-7-801, MCA)

## **Working Retiree**

As a retiree, you may wish to work in a job covered by the SRS, but the law imposes some limits. A retiree employed in an SRS-covered position for less than 60 days during a calendar year is not required to become an active member. The retiree's benefit will be reduced \$1 for each \$3 earned in excess of \$5,000 during a calendar year. SRS employers must send a monthly report to the MPERA stating the hours worked and compensation paid to an SRS retiree. Both you and your employer must report this data to the MPERA; however, your signature on the employer's report will suffice as your report. We do not require a report for a month in which you do not work. Your report is not required if you become an active member. Income earned from non-SRS employment does not apply to your limit. (§ 19-7-1101, MCA, and ARM 2.43.404 and 2.43.506)

## **General**

You will receive your retirement benefit for life. We will not reduce your benefit by amounts that you receive from other retirement programs, such as Social Security. Upon your death, if you select Option 2 or 3, your contingent annuitant will receive a benefit for life. Section III explains payment options.

## 2. Retirement Benefits

SRS members are eligible to receive benefits upon meeting certain requirements. The SRS provides benefits for members as outlined on the following pages.

### Service Retirement

You are eligible for service retirement benefits when you complete 20 years of membership service at any age. (§ 19-7-501, MCA)

As stated earlier, defined benefit plans use a set or defined formula to calculate your benefit. The SRS retirement benefit is based on your highest consecutive 36 months of compensation. This does not have to be your last 36 months of employment, it may come from earlier in your career. (§ 19-7-101(2) , MCA)

The Basic formula for a monthly service retirement in the SRS is:

**2.5% x Service Credit x Highest Average Compensation (HAC)**

An explanation of the factors follows:

- (A) Your service credit is the amount of service credit you earned (see page 15).
- (B) 2.5% (.025) is the factor that determines how much of your HAC you get for each year of service credit.
- (C) HAC is the average of your highest consecutive 36 months of compensation. Add your highest consecutive 36 months of compensation and divide by 36 to get the average monthly compensation. Use these factors to quickly estimate your monthly benefit:

(A) Years of Service Credit	_____	(Sample from page 32.)	
(B) Factor (percentage)	x <u>.025</u>	(A)	22
(C) HAC (monthly)	x _____	(B)	x .025
		(C)	x <u>\$3,000</u>
Monthly Benefit	= _____		= \$1,650

# Early Retirement

You are eligible for early retirement if you are at least age 50 with at least five but less than 20 years of membership service.

For early service retirement, the amount of your benefit is reduced by an early retirement factor (ERF). The ERF depends upon how many years it will take you to reach age 60 or 20 years of membership service. We will use the ERF that gives you the larger benefit. To estimate your early retirement, you must first calculate your Option 1 service retirement benefit from the previous page. Next, select the ERF from the table below which applies to you. If both an age and service category apply, then use the largest factor. (§ 19-7-502, MCA)

**TABLE 1: EARLY RETIREMENT FACTORS**

AGE	EARLY RETIREMENT FACTOR (ERF)	YEARS OF MEM- BERSHIP SERVICE
59	0.940	19
58	0.880	18
57	0.820	17
56	0.760	16
55	0.700	15
54	0.664	14
53	0.628	13
52	0.592	12
51	0.556	11
50	0.520	10

### **3. Disability Retirement**

A member suffering a total disability, which is of permanent (or extended and uncertain) duration, is eligible for a disability retirement. Disability is the total physical or mental incapacity to perform the essential elements of the member's job. The disability need not be work-related, but it must occur during your active membership.

#### **Disability Benefit**

- ☐ A member with less than 20 years of membership service who is disabled as a direct result of service, in the line of duty, will receive a disability retirement benefit equal to one-half the member's HAC.
- ☐ A member with more than 20 years of membership service who becomes disabled in the line of duty will receive a disability benefit equal to 2.5% of the member's HAC for each year of service credit.
- ☐ An active member who is disabled, but not in the line of duty, will receive a disability retirement benefit based on the actuarial equivalent of the accrued service retirement benefit when the disability occurred. (§ 19-7-601, MCA)

#### **Disability Reviews**

The Board may review the medical condition of any member receiving a disability. Periodic reviews are performed to decide if the member still qualifies for disability retirement. (§ 19-7-612, MCA)

## **Disability Benefit Cancellation**

The Board will cancel a member's disability retirement in the following cases: (§ 19-7-612, MCA)

- ☐ The member is no longer totally disabled and can return to his or her former job.
- ☐ The member accepts a SRS-covered job.
- ☐ The member refuses to submit the results of a current medical exam for review.

Contact us for complete details about disability benefits and how to apply.

## Section III: Payment Options

When you retire, you must select a benefit payment option. Currently, the SRS offers four benefit payment options. The option you choose determines whether or not income is provided for someone else (the contingent annuitant) after your death. If you choose an option to provide income for someone after you die, your monthly retirement benefit will be reduced. The reduced benefit depends upon the option you choose, your age and the age of your named “contingent annuitant.” (§ 19-7-1001, MCA)

This section provides information on each option and some sample calculations.

### 1. Option 1

Option 1 is the largest monthly amount you may choose. Option 1 is also the basis for calculating all other options. The benefit is computed using the service retirement formula. If you retire early, then the early retirement factor will reduce your benefit. Members who choose Option 1 will receive the benefit for life.

Upon the member’s death, the designated beneficiary will receive any balance left in the member’s account. That account balance is the amount available at retirement, less the total benefits paid to the member. All monthly benefit payments end upon the member’s death.

**NOTE:** Once you choose an Option 1 retirement and cash your first benefit payment, you may not change your option.

## 2. Option 2

Option 2 provides a monthly benefit to you for your lifetime. When you die, your named contingent annuitant will receive that same amount for the rest of their life. Option 2 is an annuity based on the lives of two people. The benefit amount is less than Option 1, because the value of your monthly retirement benefit is reduced to provide that same benefit to your beneficiary.

Your Option 2 benefit is calculated by multiplying the Option 1 benefit by an Option 2 factor. The factor is based on your age and your contingent annuitant's age.

## 3. Option 3

Option 3 provides a monthly benefit to you for your lifetime. When you die, your named contingent annuitant will receive **one-half** that amount for the rest of their life. Your benefit is still less than Option 1 because the value of your monthly retirement benefit is reduced to provide half of your benefit amount to your named contingent annuitant. However, because the contingent annuitant receives only one-half of the member's benefit, your benefit is larger than the Option 2 benefit. The Option 3 benefit is calculated the same as Option 2, but using Option 3 factors.

**NOTE:** Page 31 provides an explanation of limited circumstances which allow you to change option 2 or 3. Contact us for more information.

## 4. Option 4

Option 4 provides a continuing benefit to one or more contingent annuitants. As with all options, the retired member will receive the monthly benefit for life. If the retiree dies before the end of the “certain” or guaranteed period, the contingent annuitant(s) will receive the benefit for the balance of the guaranteed period. Payments to the contingent annuitant(s) will stop when the guaranteed period ends. This benefit has two sub-options.

- ◆ **10-year period certain.** You must be **age 75 or younger** when you retire to be eligible for this benefit. **You will receive this benefit for life.** If the member dies within the 10-year period, then the contingent annuitant(s) will receive the same benefit. However, benefit payments to the contingent annuitant(s) will end when the 10-year period ends. The 10-year period begins on the member’s effective date of retirement.

The retiree may change their contingent annuitant designation. Contingent annuitants receiving the Option 4 benefit may, in turn, designate their own contingent annuitants.

- ◆ **20-year period certain.** You must be **age 65 or younger** when you retire to be eligible for this benefit. Other than the length of time, the 10- and 20-year period certain options are the same. The 20-year period begins on the member’s effective date of retirement.

The Option 4 benefit is calculated using Option 4 factors based on the member’s age.

**NOTE:** If there is more than one contingent annuitant named, upon the death of the retiree, they will receive the continuing benefit payment, divided equally, for the remainder of the 10- or 20-year period.



## 5. Changes to Options

There are limited circumstances which will allow a retired member to change their option or contingent annuitant, if they are eligible. A written application must be filed with the MPERA to make a change if one of the following conditions are met.

- ◆ The original contingent annuitant dies.
- ◆ The member and the contingent annuitant divorce and the court does not grant the contingent annuitant the right to receive part of the benefit.

A member who retires **on or after October 1, 1999**, and selects Option 2 or 3 may revert to the higher Option 1 retirement benefit available at the time of the member's retirement, if one of the above conditions are met. The notification must occur within 18 months of the death of or divorce from the contingent annuitant (see below).

**NOTE:** The retired member must designate a new contingent annuitant or payment option, **in writing, within 18 months** of the death of or divorce from the contingent annuitant. Retirees should contact the MPERA to get an estimate of the new benefit and an application form to select a new option or change the contingent annuitant.

(§ 19-7-1001, MCA and ARM 2.43.606)

6. Sample Calculations

**NOTE:** Each of the following calculations will be increased yearly by a 3% Guaranteed Annual Benefit Adjustment (GABA). See pp. 39-40 for details.

Service Retirement

Sheriff Kenny Retire, Age .....	47
Service Credit .....	22 years
Highest Average Compensation (HAC) .....	\$3,000 per month
Account Balance at Retirement .....	\$79,796
Contingent Annuitant's Age .....	45

Option 1 Formula:

$$2.5\% \times \text{Service Credit} \times \text{HAC}$$
$$.025 \times 22 \times \$3,000 = \$1,650 \text{ per month}$$

Under Payment Option 1, Sheriff Kenny will receive a benefit of \$1,650, plus GABA increases when eligible, each month for the remainder of his life. Upon his death, monthly benefit payments will cease. If the total benefits paid to Kenny are less than \$79,796, the balance will be paid in a lump-sum to his designated beneficiary.

Option 2 Formula:

$$\text{Option 1 Amount} \times \text{Option 2 Factor}$$
$$\$1,650 \times .8631 = \$1,424.12 \text{ per month}$$

If Sheriff Kenny elects Option 2, he will receive a benefit of \$1,424.12 each month for the remainder of his life. Upon his death, the SRS will pay the same amount, \$1,424.12, to Kenny's contingent annuitant for life.

### **Option 3 Formula:**

$$\text{Option 1 Amount} \times \text{Option 3 Factor} \\ \$1,650 \times .9265 = \$1,528.73 \text{ per month}$$

Option 3 will provide Sheriff Kenny a benefit of \$1,528.73 each month. Upon Kenny's death, his contingent annuitant will receive one-half of Kenny's benefit payment, or \$764.37 for life.

### **Option 4 Formulas:**

$$\text{10-Year certain: Option 1 Amount} \times 0.9930 \\ \$1,650 \times .9930 = \$1,638.45 \text{ per month}$$

$$\text{20-Year certain: Option 1 Amount} \times 0.9690 \\ \$1,650 \times .9690 = \$1,598.85 \text{ per month}$$

If Sheriff Kenny chooses the 10-year certain payment option, he will receive \$1,638.45 per month, for life. Should he die before the 10-year period ends, his contingent annuitant(s) will receive a total of \$1,638.45 per month. (The total payment to all contingent annuitants is \$1,638.45, not \$1,638.45 to each.) Payment will continue for the rest of the 10-year period. If Kenny dies after the 10-year period ends, all payments end. His contingent annuitant(s) won't receive any payments.

If Sheriff Kenny chooses the 20-year certain payment option, he will get \$1,598.85 per month, for life. Should he die before the end of the 20-year period, the contingent annuitant(s) receive the total of \$1,598.85 per month. Payments end when the 20-year period ends. In the event he dies after the 20-year period ends, all payments end. His contingent annuitant(s) won't receive any payments.

The 10- and 20-year periods begin on the effective date of the member's retirement. Factors used for 10- or 20-year periods are based on the member's age.

Early Retirement

Wanda Retire, Age (at termination of SRS-employment).....	40
Service Credit.....	15 Years
Highest Average Compensation (HAC) .....	\$2,500 per month
Account Balance at Retirement.....	\$46,987
Contingent Annuitant's Age .....	42

**Option 1 Formula:** (When Wanda applies at age 50.)

$$.025 \times \text{Service Credit} \times \text{HAC} \times \text{Early Retirement Factor}$$
$$.025 \times 15 \times \$2,500 \times .70 = \$656.25/\text{month}$$

**NOTE:** Early retirement benefit payments may not begin before the member’s 50th birthday.

The early retirement factor is .70 for Wanda. Two factors could apply to Wanda, either .520 for age 50 or .70 for 15 years of service credit. We use .70 because it gives Wanda a larger benefit. See Table 1 on page 25 for a list of early retirement factors. Under Payment Option 1, Wanda will receive a benefit of \$656.25 each month for the remainder of her life. Upon her death, monthly benefit payments will cease. If the total benefits paid to Wanda are less than \$46,987, the balance will be paid in a lump-sum to her designated beneficiary.

**Option 2 Formula:**

$$\text{Option 1 Amount} \times \text{Option 2 Factor}$$
$$\$656.25 \times .8626 = \$566.08 \text{ per month}$$

At age 50, payment Option 2 will provide Wanda \$566.08 per month for the rest of her life. Upon her death, Wanda’s contingent annuitant will receive the same monthly benefit, \$566.08, for life.

### **Option 3 Formula:**

**Option 1 Amount x Option 3 Factor**

$$\text{\$656.25} \times .9262 = \text{\$607.82 per month}$$

When Wanda is 50 years of age, Option 3 will provide Wanda a benefit of \$607.82 each month. Upon Wanda's death, her contingent annuitant will receive one-half of her benefit payment, or \$303.9 for life.

### **Option 4 Formulas:**

**10-Year certain: Option 1 Amount x .990**

$$\text{\$656.25} \times .990 = \text{\$649.69 per month}$$

**20-Year certain: Option 1 Amount x .955**

$$\text{\$656.25} \times .955 = \text{\$626.72 per month}$$

At age 50, if Wanda chooses the 10-year certain payment option, she will get \$649.69 per month, for life. Should she die before the 10-year period ends, her contingent annuitant(s) will receive a total of \$649.69 per month. (The total payment to all contingent annuitants is \$649.69, not \$649.69 to each.) Payments will continue for the rest of the 10-year period. If Wanda dies after the 10-year period ends, all payments end. Her contingent annuitant(s) won't receive any payments.

If Wanda chooses the 20-year certain payment option, she will receive \$626.72 per month, for life. Should she die before the end of the 20-year period, the contingent annuitant(s) will receive a total of \$626.72 per month. Payments end when the 20-year period ends. In the event she dies after the 20-year period ends, all payments end. Her contingent annuitant(s) won't receive any payments.

## Section IV: Additional Information

### 1. Death Benefits

#### Beneficiaries

Members may designate any person, charitable organization, estate, or trust (for the benefit of a living person) they wish as a beneficiary. Beneficiaries are either primary or contingent. Contingent beneficiaries will only receive something if no living primary beneficiary exists. (§§ 19-2-801 and 19-2-802, MCA)

**Active and inactive members** must designate beneficiaries on a SRS membership card. Active members must give the card to your payroll clerk. The clerk will send the card to us. Whenever you wish, you may name new beneficiaries by having your payroll clerk send us a new membership card. If you are an inactive member, call us and we will send you a new card. The change is not effective until the card is received in our office.

---

**Keep your designated beneficiaries current. You may change your beneficiaries only by completing a new membership card.**

---

**Retired members** must designate beneficiaries on a DESIGNATION (OR CHANGE) OF BENEFICIARY BY RETIREE form that can be obtained by contacting our office. The change is not effective until the form is received in our office.

**NOTE:** Advise your beneficiary to contact the MPERA for complete details about benefits in the event of your death.

## **Death Benefit Claim - Active or Inactive Member**

Upon notification of a member's death, we will send a death benefit claim to the designated beneficiary. To make a claim for a death benefit, the beneficiary must return the form to the MPERA along with written proof of the member's death. A copy of the death certificate is the best document to send. (§ 19-7-901, MCA)

## **Death of Active Member Prior to Retirement**

The beneficiary of a member who dies before retirement is entitled to select one of the following options for which the member qualified and the beneficiary qualifies:

- ☐ A lump-sum payment of the member's accumulated contributions; or
- ☐ a survivorship benefit equal to 2.5% of the member's Highest Average Compensation (HAC) for each year of service credit, reduced by a factor based upon the number of years the member's age was less than age 65, or the number of years required for the member to have completed 20 years of membership service, whichever provides for the larger benefit; or
- ☐ A survivorship benefit equal to one-half the member's HAC, if the board finds the member died as a direct and proximate result of injuries received in the course of employment. (§ 19-7-901, MCA)

## **Death of Inactive Member - Account Balance**

The SRS will pay a lump-sum death payment to an inactive member's beneficiary. This death payment will be the member's accumulated contributions (member's contributions plus interest). If the inactive member is vested (has 5 years of membership service), the beneficiary may be able to receive a monthly benefit for their lifetime. (§ 19-7-901, MCA)

## **Death of Retired Member - Account Balance**

If you retire under Option 1, and you die before receiving benefits equal to your account balance (your contributions plus interest), your beneficiaries will receive your remaining account balance. Your remaining account balance is your contributions plus interest at the date of retirement minus any benefit payments you received. (§§ 19-7-503(2) and 19-7-801(5)(b)(ii)), MCA)

If you were receiving an Option 2, 3, or 4 retirement benefit, your contingent annuitant will receive the benefit explained in Section III: Payment Options.



## 2. Benefit Increases

The Guaranteed Annual Benefit Adjustment (GABA) will increase your retirement benefit every year, **if you are eligible.**

### **GABA**

The GABA insures an increase of three percent over the previous year. Other events which increase your benefit will reduce the amount you get from the GABA. If the other increases are three percent or more, then you will get no increase from GABA.

(§§ 19-2-1101 and 19-7-711, MCA)

The GABA applies to:

- Service Retirement Benefit
- Early Retirement Benefit
- Disability Retirement Benefit
- Survivorship Benefit

It also applies to other recipients, such as survivors who elect a monthly benefit and contingent annuitants.

### **Eligibility for and Effective Date of GABA Benefits**

You must receive your retirement benefit for 12 months before you become eligible for the GABA. Once eligible, you will receive your first increase in your retirement with the following January benefit payment. For example, if you retired on July 1, 2005, you will meet the 12-month requirement on July 1, 2006. You will receive your first GABA increase with your January 2007 benefit. The monthly benefit is mailed to you or transferred electronically to your bank on the last working day of the month.

**NOTE:** Your January benefit payment is mailed to you on the last working day of January. If you get your benefit by electronic transfer, the transfer takes place on the last working day of January. However, your bank may not add the transfer to your account until the next working day. With electronic transfer, you will receive your money one or two days sooner than with a paper check through the mail.

### **3. Taxes on Benefits**

Some or all of your retirement benefit will be subject to federal and state income taxes. You must pay taxes on any part of your benefit derived from contributions which were not taxed (made pre-tax) during your working career. You paid income tax on any money you contributed before July 1, 1985. You also paid taxes on any contributions you made to buy service before the year 2000. You have not paid taxes on your regular contributions since July 1, 1985. Nor have you paid taxes on the interest your account earns. If some of your benefit comes from pre-tax money, or tax-deferred interest, you must pay taxes on that part. (§§ 19-2-1004 and 19-7-403, MCA)

#### **Tax Statements**

Once you are retired and receiving a benefit, each year we will send you a Distributions Form (Federal Form 1099R). The 1099R is similar to a W-2 Form. We send the form to all people, charitable organizations, and trusts, who receive any payment from the SRS, not just members. The 1099R will show the gross taxable amount you received during the past calendar year. This form will also show any state or federal taxes withheld during the year. We base withholding rates on current federal and state tax law.

#### **Tax Advice**

Tax laws that apply to retirement benefits change frequently. You should contact a tax professional for specific, up-to-date information about state and federal taxes.

#### **Taxes on Refunds**

The tax-deferred portion of a lump-sum refund is subject to state and federal taxes. Taxable amounts for state and federal taxes may be different, because the state does not tax the interest. The IRS may assess an additional 10% penalty for early withdrawal. We will

also withhold 20% for tax purposes if we send the refund directly to you. You may avoid paying the withholding tax by “rolling-over” the taxable part into an IRA or other qualified plan. Rolling over your refund also allows you to avoid the early withdrawal penalty. If you accept a lump sum payment, IRS rules allow you 60 days to reinvest or roll the refund over into a qualified plan to avoid paying the 10% penalty. Be prepared to provide the IRS documentation of this reinvestment or roll-over.

**If you receive a refund, we must withhold federal taxes and the IRS may charge early withdrawal penalties. Roll the money over and no money will be withheld for taxes.**

Remember, when you receive the refund directly, the IRS requires us to withhold 20% for taxes. The amount withheld may or may not be enough to pay any tax or penalty you may owe. If the IRS assesses a penalty, you must pay it when you file your income taxes. You must provide documentation to the IRS of your reinvestment or “roll-over” of your refund, as described above, to avoid payment of the penalty.

You will receive a Distributions Form (Federal Form 1099R) for the refund. It will list the gross distribution, the taxable part, and any federal or state taxes withheld from the refund. The 1099R is an important document that you must keep for your tax records. We will not send you another 1099R at the end of the year. If you lose your 1099R, you can request a duplicate from us.

## **4. Assignment of Benefits**

Your retirement benefit may not be assigned to another person under ERISA, a federal law governing private pension benefits; nor may a Qualified Domestic Relations Order assign your benefits to another person.

In very limited cases, the court may assign all or a portion of your SRS benefit to another person. This includes a Family Law Order (FLO) which must be a judgment, decree or order of a Montana court. Courts from other states may also assign your benefit with a Support Obligation. Support Obligations must meet requirements similar to those for a FLO. (§§ 19-2-907 and 19-2-909, MCA)

The IRS may place a levy against your benefit for unpaid taxes.

### **Family Law Order (FLO)**

A FLO may require the MPERA to pay all or part of your benefit or refund to another person. That person is an alternate payee. A Montana court may issue a FLO for child or parental support, spousal maintenance, or marital property rights. The FLO may require that we pay an alternate payee a set sum or percentage of your benefit. For example, the FLO may require us to pay \$500 per month until a set sum of \$12,000 has been paid. Or, the FLO may require us to pay 50% of your monthly benefit to your alternate payee for as long as you get a benefit. The FLO may also require you to choose a specific option, contingent annuitant, or beneficiary.

A FLO may not require the MPERA to pay a type of benefit unless that benefit is available to you. Nor can a FLO require an amount or length of payment greater than that payable to you. This means a FLO cannot require the MPERA to make any payments before you retire or take a refund. Also, it may not require payments that are more than the amount the MPERA may pay you. (§§ 19-2-907 and 19-2-909, MCA)

## 5. For More Information

If you want an estimate of your benefit, or a cost statement for buying service, please contact us in writing. Any estimates you get from any other source may be wrong. The MPERA is not responsible for any information from other sources. You must contact us for application forms if you are considering service or disability retirement. You should instruct your beneficiaries to contact us in the event of your death. When you correspond with the MPERA by mail or fax, please include your full name, printed and signed, your Social Security Number, your return address and your daytime telephone number.

**Mailing Address:**           MPERA  
                                      P.O. Box 200131  
                                      Helena MT 59620-0131

**FAX Number:**               (406) 444-5428

You may also e-mail requests to the MPERA at **[mpera@mt.gov](mailto:mpera@mt.gov)**. Be sure to include your full name, Social Security Number, return address and daytime telephone number.

We invite you to call or visit the MPERA in Helena at 100 North Park Avenue, Suite 200. (See map on back cover.) Our office hours are Monday through Friday, 8:00 a.m. to 5:00 p.m, except on designated state holidays. **It is most helpful for staff if you make an appointment in advance.** Phone our office at (406) 444-3154 or toll free, (877) 275-7372. If our phone lines are busy, you may leave a voice mail message. Be sure to leave your name, telephone number, and Social Security Number first, then a brief message.

**NOTE:** To avoid confusion, you should put in writing any questions requesting **specific details** about retirement options or service credit. We will give you a **specific written response**.

## GLOSSARY OF TERMS

**ACTIVE MEMBER** - a member in a SRS-covered job, making the required contributions and properly reported for the most current reporting period.

**ACCUMULATED CONTRIBUTIONS** - any regular and additional contributions made by a member plus interest earned.

**ACTUARIAL COST** - the amount determined by the Board in a uniform and nondiscriminatory manner to represent the present value of the benefits to be derived from the additional service to be credited based on the most recent actuarial valuation for the system and the age, years until retirement and current salary of the member.

**ADDITIONAL CONTRIBUTIONS** - a member's payments to purchase various types of optional service credit under an installment contract.

**ANNUITY** - equal and fixed payments for life that are the actuarial equivalent of a lump-sum payment under a retirement system and as such are not benefits paid by a retirement system and are not subject to periodic or one-time increases.

**BENEFIT** - a service or disability retirement or survivorship provided by the SRS.

**COMPENSATION** - the pay an employee receives before deducting taxes or social security in accordance with §19-7-101, MCA.

**CONTINGENT ANNUITANT** - a person the retired member names to receive a continuing benefit after the member's death.

**DESIGNATED BENEFICIARY** - the person a member names to receive any survivorship benefits or lump-sum payments upon the member's death. Designated beneficiaries are either primary or contingent.

**DETENTION CENTER** - a facility established and maintained by an appropriate entity for the purpose of confining arrested persons or persons sentenced to a detention center.

**DETENTION OFFICER** - a person employed in a detention center, a juvenile detention center, a temporary detention center, or a detention facility, who has authority and responsibility for maintaining custody of an inmate for any period of time, who performs tasks related to the operation of a detention center, and who completes appropriate training.

**DISABILITY** - total physical or mental incapacity of a member to do the essential functions of the member's job. You must become disabled while an active member, and it must be permanent or of an extended or uncertain period.

**EARLY RETIREMENT BENEFIT** - the retirement benefit payable to a member following early retirement and is the actuarial equivalent of the accrued

portion of the member's service retirement benefit.

**EMPLOYEE** - a person employed by a SRS employer in any capacity and the employer pays the person's salary.

**EMPLOYER** - a governmental agency that covers their employees under the SRS.

**FAMILY LAW ORDER (FLO)** - an order from a Montana court that may assign all or part of a participant's payment.

**FISCAL YEAR** - the 12-month period starting July 1 and ending the following June 30.

**HIGHEST AVERAGE COMPENSATION (HAC)** - a member's highest average monthly compensation during any 36 consecutive months of membership service. Lump-sum payments for severance pay, sick leave and annual leave may not be added to a single month's pay. Your HAC may include termination payments, but only if they replace regular pay on a month for month basis.

**INACTIVE MEMBER** - a member who terminates SRS-covered employment and does not withdraw his or her SRS accumulated contributions.

**INVESTIGATOR** - a person employed as a criminal investigator or a gambling investigator for the Department of Justice.

**LUMP-SUM PAYMENTS** - amounts, which may include interest, that are payable instead of monthly benefits.

**MEMBER** - any person with contributions and service on account with the SRS. Persons receiving retirement benefits based on previous service credit are also members.

**MEMBERSHIP SERVICE or YEARS OF SERVICE** - the periods of service used to decide vesting and eligibility for retirement or other benefits. You get 1 month membership service for any month you contribute to the SRS, even if you only work one day during that month. If you contribute anything, you get membership service for the whole month.

**NORMAL RETIREMENT AGE** - the age at which a member is eligible to immediately receive a retirement benefit from the SRS without disability and without a reduction. Eligibility is based on the member's age, length of service or both.

**PART-TIME EMPLOYMENT** - any month during which the employer pays the member for less than 160 hours.

**PARTICIPANT** - a member, beneficiary, survivor or contingent annuitant who is receiving, or may receive a benefit or payment from the SRS.

**REFUND** - a withdrawal of all the money in a member's SRS account. By taking a refund, the member gives up all rights to any other benefits from the SRS.



**REGULAR CONTRIBUTIONS** - the payments an active member must make to the SRS. The payments are a percentage of the member's monthly pay and are made pre-tax.

**REGULAR INTEREST** - (1) Interest earned on the payments made to a member's account. This rate is set by the Board and is tax-deferred. (2) The interest rate charged for monthly service purchase payments. The rates for (1) and (2) may not be the same.

**RETIREMENT BENEFIT** - the monthly payment to a member, for life, following service or disability retirement.

**RETIREMENT or RETIRED** - the status of a member who ends active service and receives a monthly benefit.

**SERVICE** - employment of an employee in a position covered by a retirement system.

**SERVICE CREDIT** - the periods in which you contribute the required money to the SRS. The MPERA uses service credit to calculate the amount of your benefit. If you work 160 hours or more in any month, you get 1 month of service credit. If you work less than 160 hours, you will receive credit for a partial month. For example, if you work 80 hours, you receive  $\frac{1}{2}$  of a month of service credit.

**SERVICE RETIREMENT BENEFIT** - the retirement benefit that the member may receive at normal retirement age.

**SHERIFF** - any elected or appointed county sheriff or undersheriff or any appointed, lawfully trained, appropriately salaried and regularly acting deputy sheriff.

**SURVIVORSHIP BENEFIT** - monthly payments for life to the beneficiary of a vested member who died while an active member.

**TEMPORARY DETENTION CENTER** - a facility for the temporary detention of an arrested person for up to 72 hours, excluding holidays, Saturdays, and Sundays. The time a person is held in a temporary detention center may not exceed 96 hours.

**TERMINATION OF EMPLOYMENT or TERMINATION OF SERVICE** - means the member left the employment relationship with the employer and has been paid all compensation due, including but not limited to payment of accrued annual and sick leave. Upon termination, the member will cease to accrue benefits attributable to that employment.

**VESTED MEMBER or VESTED** - the status of a member with at least five years of membership service. A vested member is entitled to retirement when they meet the minimum service or age provision.

## **Alternate Accessible Format**

The MPERA will provide alternative accessible formats of this document upon request. Persons with disabilities, who need an alternative accessible format of this information, should contact us.

### Write to:

Attn: Carolyn Miller  
MPERA  
P.O. Box 200131  
Helena, MT 59620-0131

### You May Contact the MPERA at:

Telephone: (406) 444-3154  
Toll Free: (877) 275-7372  
Fax: (406) 444-5428  
e-mail: [mpera@mt.gov](mailto:mpera@mt.gov)

### For more information, Contact:

Department of Administration  
Personnel Service Section  
Phone: (406) 444-3871  
TDD no. (406) 444-1421.

### To View Publications On-line:

<http://mpera.mt.gov/>



How to find us in Helena  
100 North Park Avenue, Suite 200  
406-444-3154

Visitor parking is on the  
West side of the building.

